areas, primary health care services are provided through a network of 142655 Sub-centres (SCs), 23109 Primary Health Centres (PHCs) and 3222 Community Health Centres (CHCs).

The Government of India has recently launched the National Rural Health Mission (NRHM) which seeks to provide affordable and quality health care to all its citizens. Under the Mission, it is planned to strengthen the healthy infrastructure in the country so as to enable better health service delivery. The NRHM seeks to sanction new Sub-centres as per 2001 population norm, and upgrade existing sub-centres, including building for Sub-centres functioning in rented premises. The PHCs would be upgraded from single doctor PHC to 2 doctor PHC by posting AYUSH practitioners at PHC level and upgrading 100% PHCs for 24 hours referral service.

One of the key strategies of the NRHM is also to support upgradation of all Community Health Centres to function as First Referral Units as per the Indian Public Health Standards. In addition, in case of additional outlays, new CHCs would be set up to meet the population norm as per census 2001 and bearing their recurring cost for the mission period would be considered.

(b) There is no separate funds reserved for rural areas under Ministry of Health & Family Welfare Budget. However, all the schemes of the Ministry are implemented mostly in the rural areas. The total budget outlay for the year 2005-06 for Department of Health is Rs. 2908 crores and for department of Family Welfare is Rs. 6424 crores.

(c) and (d) Under the National Rural Health Mission (NRHM), it is proposed to make available assured health care at reduced financial risks through pilots of Community Health Insurance under the Mission, Keeping in view, the out of pocket expenditure as well as the fact that 75% of expenditure on health care is provided by the Private sector, partnerships in health sector which are need based, thematic and geographic are also being explored.

Supreme Court directive on drug price control

*160 SHRI MANOJ BHATTACHARYA: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Hon'ble Supreme Court of India had directed the Government in 2003 to formulate appropriate criteria to ensure that essential and life saving drugs do not fall outside the ambit of price control;

(b) if so, the details thereof;

(c) whether it is also a fact that Government had promised to make all life saving drugs available at reasonable prices and if so, the details thereof; and

(d) the details of the steps taken, so far, to honour the Supreme Court's directive and the commitment made in by Government?

THE MINISTER OF CHEMICALS AND FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN): (a) to (d) The Government announced the 'Pharmaceutical Policy 2002' in February 2002. However, a public interest litigation filed in the High Court of Kanataka at Bangalore resulted in an Order dated 12-11-02, which stopped the government from implementing the price control regime of the Pharmaceutical Policy 2002. This Department filed a Special Leave Petition (SLP) before the Supreme court of India against the Order of the Karnataka High Court, which has been admitted as SLP (C) No. 3668/2003. The Supreme Court vide its order dated 10.3.2003 directed the government, *inter-alia,* that, "we suspend the operation of the order to the extent it directs that the Policy dated 15.2.2002 shall not be implemented. However we direct that the petitioner shall consider and formulate appropriate criteria for ensuring essential and life saving drugs not to fall out of the price control and further directed to review drugs, which are essential and life saving in nature till 2nd May, 2003". Ministry of Health and Family Welfare has brought out the National List of Essential Medicines, 2003 after the review of the National Essential Drugs List, 1996. The matter is *sub-judice* before the Supreme Court.

The National Common Minimum Programme as adopted by the government aims, *inter-alia,* to ensure availability of life saving drugs at reasonable prices. In the light of National Common Minimum Programme and the observations of the Supreme Court in SLP © No. 3668/2003, the Government constituted a Committee under the Chairmanship of Joint Secretary (PI) to suggest measures for fulfilling the objectives of National Common Minimum Programme to ensure the availability of life saving drugs at reasonable prices. This Committee has submitted its interim report to the government. The Committee has recommended, *inter-alia,* intensive monitoring on the prices of all those drugs out of the selected

basket (National List of Essential Medicines, 2003) which are not under price control, ceilings on trade margins of drugs, a system of price negotiations for the new patented drugs, special schemes for people below poverty line, introduction of Rajasthan Model of Life Line Fluid Stores (hospital pharmacy stores run by Medicare Societies) for bulk purchase of drugs directly from manufacturer and selling them at reduced prices, compounding of offences under the Essential Commodities Act, establishment of DPCO cells in all States on the model of Karnataka, price negotiations at the time of launching of new patented drug, efforts to increase public awareness, wide publicity to policies and decisions of the Government and NPPA etc. Follow-up action on the recommendations made by the Committee in its interim report has been initiated.

A Task Force under the Chairmanship of Dr. Pronab Sen, Principal Adviser, Planning Commission was constituted to explore options other than price control to make available life saving drugs at reasonable prices. The Task Force has submitted its report to the Government on the 20th September, 2005. Some of the salient recommendations of Task Force are, the Price Controls should be imposed on the 'essentiality' of the drug and not on the basis of turnover and it should be applied only to formulations and not to bulk drugs. Some of the other major recommendations of Task Force are to promote generic drugs, to encourage public health facilities, to revive the Public Sector Enterprises in the manufacture of drugs, to provide fiscal incentives in R&D activities in drugs to provide financial support for implementation of Schedule M of Drugs and Cosmetics Rules, to enact Drugs and Therapeutics (Regulation) Act, to establish a National Authority on Drugs and Therapeutics (NADT), to establish price negotiation process for new patented drugs, to streamline the bulk procurement regime, to exempt the excise duty, customs duty and other levies on cancer and anti HIV/AIDS drugs, to establish the State Illness Funds in the States/Union Territories for BPL families, to reduce the excise duty on durgs from 16 to 8% to enhance the exemption limit of SSI units from Rs. 1 crore to Rs. 5 crores, to establish a Settlement Commission which is authorized to settle the disputed overcharged amount from the pharma companies.

The Government in consultation with various stakeholders is examining the recommendations of the Task Force. Based on this a new Pharmaceutical Policy is likely to be announced shortly.